

Today, Rep. Pete Stark reintroduced important corporate accountability legislation, Ending The Double Standard for Stock Options Act. A companion bill has been introduced in the Senate by Senators John McCain and Carl Levin.

“Last year, Congress took important steps to bolster corporate accountability and protect employees and investors from scurrilous business schemes that caused many Americans to lose their retirement savings,” Stark said. “We have yet to complete this reform. We still need to prevent corporations from misleading employees and investors about the real value of their investments. Ending the inaccurate reporting of stock options will strengthen last year’s efforts to ensure corporate accountability.”

Rep. Stark’s bill, Ending the Double Standard for Stock Options Act, would end a glaring double standard corporations often exploit when reporting their earnings to the IRS and SEC. Currently, corporations can claim a deduction on their income taxes for stock option expenses, just like they deduct their employees’ wages. However, companies are not required to report these same stock options expenses to the SEC. Therefore, SEC reports don’t accurately reflect a company’s actual earnings because there is an outstanding compensation liability that is not accounted for in the earnings statement. This misleads employees and investors on the financial standing of their investment.

Stark’s legislation would prevent this double standard by allowing corporations to receive a tax deduction for stock option expenses only if they report the very same stock option expenses to the SEC. Stark’s bill is being cosponsored in the House by Reps. Earl Pomeroy, Henry Waxman, George Miller, John Olver, Jan Schakowsky, Bernie Sanders, Bill Lipinski, and Raul Grijalva.

“The bill I am introducing today will make sure publicly traded companies provide the same earnings information to the SEC that they are required to provide the IRS,” Stark said. “Ending the double standard for stock options reporting will help protect the right of employees and investors to know the true value of their retirement savings and investments. This will also help restore investor confidence in the market and help spur new growth.”